

Message Text

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PAGE 01 CAIRO 02734 301249Z

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ACTION NEA-12

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

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TO SECSTATE WASHDC 6454

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E.O. 11652: N/A

TAGS: PGOV EGEN EG

SUBJ: HEGAZI STATEMENT ON EGYPT'S ECONOMIC DIRECTIONS

1. ONE DAY AFTER FORMATION OF NEW CABINET, NEWLY DESIGNATED FIRST DEPUTY PRIME MINISTER HEGAZI MET WITH HEADS OF EGYPTIAN FINANCIAL/ECONOMIC SECTOR ORGANIZATIONS. REMARKS MADE BY HEGAZI ON OCCASION ARE REPORTED IN CAIRO PRESS OF APRIL 28. FOLLOWING ARE MAIN POINTS OF INTEREST.

2. "EGYPTIANNES" OF ECONOMIC POLICY. HEGAZI STATED THAT GOE POLICY WAS AND WOULD CONTINUE TO BE BASED ON EGYPT'S INTERESTS, "ACCORDING TO CALCULATED STEPS". IT WOULD BE A POLICY OF NATIONAL INDEPENDENCE; AND WITHIN THIS FRAMEWORK ANY AGREEMENT BETWEEN EGYPT AND ANOTHER PARTY WOULD BE BASED ON EGYPTIAN GOALS.

3. FOREIGN TRADE. HEGAZI SAID FOREIGN TRADE WOULD BE "COMPLETELY FREE OF ALL RESTRICTIONS". HE DID NOT FURTHER EXPLAIN WHAT THIS MEANT.

4. PUBLIC SECTOR. HEGAZI SAID THE PUBLIC SECTOR WOULD BE FURTHER DECENTRALIZED, WOULD HAVE ITS PRODUCTION "REORIENTED" HE ADDED THAT RED TAPE WOULD BE ELIMINATED. FOR THE FIRST TIME,
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PAGE 02 CAIRO 02734 301249Z

PUBLIC SECTOR BUDGETS WOULD BE PUBLISHED.

5. COMMITTEES. TWO COMMITTEES WILL BE ESTABLISHED IMMEDIATELY:
ONE WILL EVALUATE SITUATION REGARDING STRATEGIC GOODS, THE
OTHER WILL STUDY SITUATION REGARDING LOCAL AND FOREIGN CURRENCY.
BOTH WILL REPORT DIRECTLY TO HEGAZI.

6. GUIDED ECONOMY. HEGAZY ALSO NOTED THAT EGYPTIAN ECONOMY
WOULD NOT BE COMPLETELY FREED. PRIMARY PURPOSE OF EGYPTIAN
"SOCIAL AND ECONOMIC REVOLUTION" WAS TO INCREASE PRODUCTION-AND
ECONOMIC LIBERALIZATION "WILL STRENGTHEN SOCIALIST GAINS. SOCIALIST
EGYPT WILL REMAIN BECAUSE WE WILL NEVER ENTER THE STAGE OF ABSOLU-
TELY FREE ECONOMY".
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